

How ACTO overhauled its packaging and services pricing strategies to **better monetize** its SaaS platform



Situation

ACTO is the developer of an AI-powered SaaS omnichannel platform that provides learning, training, and sales enablement designed to solve the life sciences industry's toughest challenges. For the benefit of sales reps, medical sciences liaisons, and clinical research associates, ACTO combines several learning tools into its intuitive, easy-to-use app.

While planning to launch the third version of the platform, which provided a significantly advanced set of features across a broader range of functionalities, ACTO needed to develop a scalable pricing strategy that took advantage of significant pricing headroom. That strategy should package and monetize the incremental value provided by the new version and support the migration of existing customers to the latest platform.

"Our platform is very complex, so the biggest challenge was determining how to take a dense product and package it in a way where it's easier for our customers to understand how we are delivering value," said Kumar Erramilli, Co-Founder and Chief Technology Officer at ACTO. "And because our sales strategy involves upselling, we needed to create packaging tiers that allow for massive revenue expansion opportunities."

Another challenge concerned how to price ACTO's services in support of the platform. The lack of a logical pricing structure for services created a long and painful pricing process, which led to frequent uncontrolled discounting.

"Because we were uncertain about how to price our services, we were underquoting the work," said Kapil Kalra, Co-Founder and Chief Customer Officer at ACTO. "When we had a proposal to quote, it took us a long time to deliver the quote because we would have to come up with a custom price each time."

Ultimately, ACTO needed a well-structured and thoughtful pricing strategy that would align with its sales strategy, help drive revenue growth, and delight its customers with how intuitive and easy to use its platform is.

To meet these needs, ACTO relied on Monevate.



“

For us,
**Monevate is a
trusted advisor.
We really
couldn't ask for
much more.**

”

Kapil Kalra
Co-Founder and
Chief Customer Officer, ACTO

Monevate's Phased Approach

Monevate is a monetization and pricing strategy consulting firm dedicated to serving the tech ecosystem. Through collaborative and analytical engagements, Monevate builds creative and value-based pricing strategies that transform clients' revenue growth trajectories and add multiples at valuation.

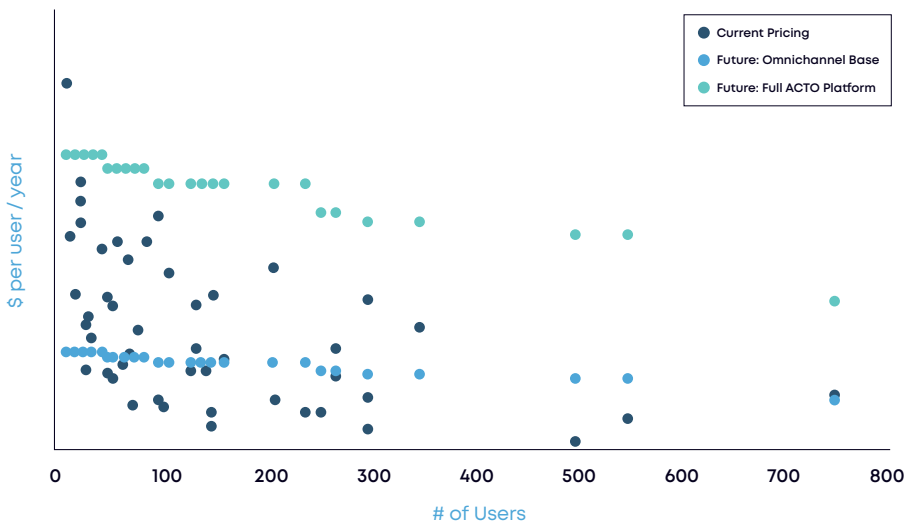
During its eight-week engagement, Monevate divided its solution into three phases.

The **first phase** saw the Monevate team generating a hypothesis. They interviewed internal stakeholders, discovered customer information relevant to pricing and packaging, and decoded customer contracts to better understand the annual recurring revenue (ARR).

In the **second phase**, the Monevate team sought to understand the customer and the market. They interviewed customers, completed a competitive analysis, produced a structured product taxonomy, and constructed price structure motifs (creative, high-level outlines of the different approaches to packaging and price-scaling) for a full-team discussion.

Finally, in the **third phase**, the Monevate team worked collaboratively with the ACTO team to iteratively build out a pricing strategy for the platform and services. The teams also developed tools to aid in the execution of day-to-day pricing.

Current Versus New Pricing — Scaling (\$/User Versus # of Users)



“

I would recommend Monevate to any company struggling with packaging and pricing. The Monevate team is very surgical in the way it resolves specific issues.

”

Kumar Erramilli
Co-Founder and
Chief Technology Officer, ACTO



Monevate's Product Pricing Strategy

With ACTO's existing pricing strategy, the company wasn't taking full advantage of what it offered. It needed to package and price its platform in a way that would make pricing efficient and scalable while increasing recurring revenue.

"We were leaving a lot of money on the table," said Kumar. "That's because either we weren't capturing the user base the way we wanted to, or we weren't selling some of these upgrades and features the way we wanted to."

To solve ACTO's product pricing issue, Monevate created a revised product pricing strategy:

01 Base plus modules packaging structure

Monevate built a packaging system that aligned to the way ACTO aims to engage a customer, communicate the value proposition, and deepen the partnership over time. A broad "Base" package, providing limited functionality across a broad set of capabilities, allows ACTO to lead with a low-price offering that still provides visibility to the richness of functionality. The modular add-ons allow customers to add deeper functionality in specific areas as their needs evolve over time, thus providing a clear upsell path. Finally, an AI premium tier provides a further level for strategic customers who value the highest level of sophistication in their solution.

02 Lower-tier licenses

ACTO uses user-license-based pricing, which resonates with the customers as the number of users aligns to the value they receive. However, the challenge for ACTO with this metric was that there was no growth over time—customers typically bought licenses for the sales reps, but never rolled out licenses to other functions due to the lower value per user.

To resolve this issue, Monevate created a lower-price license tier for non-sales users. In addition, the licenses were usage-gated so that they would convert to a full license if the user began to use the product like a sales rep. This provides opportunities for growth through both expanding to previously untapped users and monetizing their increases engaged with the platform.

03 Scaled price levels

Previously, ACTO had no structured volume discounting for their licenses, meaning that the "list price" for a license would be the same whether a customer purchased one hundred licenses or one thousand licenses. This led to friction in deal pricing, where reps would have to "guess" at how much to discount.

Monevate built a structured scaling of the price level per user based on the number of users, setting the price levels by extrapolating from ACTO's best-priced historical contracts, adjusting for the increased value of the new platform.

Monevate's Services Pricing Strategy

ACTO also offers implementation services for its platform to help its customers get up and running. However, level of customization of the services offered made it difficult to quickly figure out the amount of work needed and what price customers should pay for those services.

"We've been operating for several years without really knowing what our customers were willing to pay for services," said Kapil. "We didn't have the expertise to restructure our pricing for the newest version of our platform."

To address these issues, Monevate designed a simplified service pricing strategy, working collaboratively with the ACTO team. First, Monevate standardized the list of services and introduced T-shirt sizing (i.e., small, medium, large) to make it easier for sales reps to pick what customers would need. Then Monevate built a simple cost-plus pricing approach—with the "cost" based on workload estimates and the "plus" determined by the level of differentiation of the service, and the uncertainty in the workload estimate—to apply to the services.

These two components make it easier for ACTO to price for existing and future service offerings while feeling confident that their prices are both value-based and profitable.

“

The speed to execution was so fast due to the overall creativity and experience of the Monevate team.

”

Kumar Erramilli

Co-Founder and
Chief Technology Officer, ACTO

Monevate's Impact



Streamlined Pricing

Less sales friction related to pricing means that ACTO can position its platform strategically while discussing packaging and services.



Speedier Upsell Process

The upsell process has been reduced to one week since ACTO no longer needs to wait for pricing on every deal.



Significant Time Savings

With an effective pricing structure, the time it takes to price a deal was reduced from a week down to one or two days.



Increased Overall Annual Recurring Revenue (ARR)

ACTO experienced an uplift of ~20% in ARR within 12 months.